

2010 JUL 20 PM 2:11
ADMINISTRATIVE SERVICES OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
SAFECO INSURANCE COMPANY	:	40 P.S. § 991.2006(2)
OF INDIANA	:	
1001 4 th Avenue, Safeco Plaza	:	
Seattle, WA 98154	:	
	:	
Respondent.	:	Docket No. CO10-03-004

CONSENT ORDER

AND NOW, this *20th* day of *July*, *2010*, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and

Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following

Findings of Fact:

- (a) Respondent is Safeco Insurance Company of Indiana (“Safeco”) and maintains its address at 1001 4th Avenue, Safeco Plaza, Seattle, Washington 98154.
- (b) Respondent is, and at all times relevant hereto has been, a licensed insurance company and a subsidiary of Safeco Corporation, Seattle, Washington.
- (c) Respondent and its affiliated insurers set out herein used 4,809 automobile insurance cancellation notices for non-payment of premiums that did not include the mailing date or cancellation dates on the first page.
- (d) Respondent’s parent corporation, Safeco Corporation, provided information identifying five additional insurers that sent cancellation notices to

Pennsylvania policyholders since September 8, 2008, that were not compliant:

<u>Insurer Name</u>	<u># Cancellation Notices</u>
American States Insurance Company	673
First National Insurance Company of America	163
General Insurance Company of America	698
Safeco Insurance Company of America	714
Safeco Insurance Company of Illinois	563
Safeco Insurance Company of Indiana	1,998

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) 40 P.S. § 991.2006(2), Proper notification of intention to cancel, states a cancellation or refusal to renew by an insurer of a policy of automobile insurance shall not be effective unless the insurer delivers or mails to the named insured at the address shown in the policy a written notice of the cancellation or refusal to renew. The notice shall: (2) State the date, not less than sixty (60) days after the date of the mailing or delivery, on which

cancellation or refusal to renew shall become effective. When the policy is being cancelled or not renewed for the reason set forth in Section 2004(1) and (2), however, the effective date may be fifteen (15) days from the date of mailing or delivery.

- (c) Respondent's activities described above in paragraphs 3(c) and 3(d) violate 40 P.S. § 991.2006(2).
- (d) Respondent's violations of 40 P.S. §991.2006(2) are punishable by the following, under 40 P.S. § 991.2013): Any individual or insurer who violates any of the provisions of this article may be sentenced to pay a fine not to exceed five thousand dollars (\$5,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall pay a civil penalty of Fifty Thousand Dollars (\$50,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be

made by certified check or money order, payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Fraser, Bureau of Licensing and Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or the duly authorized designee is authorized to bind the Insurance Department with respect to the settlement of the alleged violation of law

contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or the duly authorized delegee.

BY: SAFECO INSURANCE COMPANY OF
INDIANA, Respondent

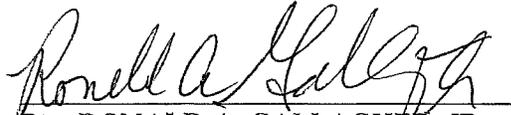


President / Vice President

Michael Robon



Secretary / Treasurer Patty McCollum, Assistant
Vice President



By: RONALD A. GALLAGHER, JR.
Deputy Insurance Commissioner
Commonwealth of Pennsylvania